

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

AT RICHMOND, AUGUST 20, 2021

APPLICATION OF

VIRGINIA NATURAL GAS, INC.

For approval of its 2021 SAVE Rider Update

SCC-CLERK'S OFFICE  
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CASE NO. PUR-2021-00157

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ORDER FOR NOTICE AND COMMENT

On July 30, 2021, Virginia Natural Gas, Inc. ("VNG" or the "Company") filed an application ("Application") pursuant to § 56-604 E of the Code of Virginia ("Code") and in accordance with Rule 80 of the Rules of Practice and Procedure ("Rules of Practice")<sup>1</sup> of the State Corporation Commission ("Commission"). VNG requests approval of its 2021 annual rider update filing for its Steps to Advance Virginia's Energy Plan ("SAVE Plan"),<sup>2</sup> under which VNG's SAVE Rider, designated Rider E, is reconciled and adjusted ("2021 Annual Update").<sup>3</sup>

The Company's SAVE Plan is designed to facilitate the accelerated replacement of SAVE-eligible natural gas infrastructure.<sup>4</sup> Rider E is designed to recover eligible infrastructure replacement costs associated with the SAVE Plan.<sup>5</sup> VNG states that the calculation of the revenue requirement and rates associated with Rider E consist of two components: the SAVE

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<sup>1</sup> 5 VAC 5-20-10 *et seq.*

<sup>2</sup> The Steps to Advance Virginia's Energy Plan (SAVE) Act is located at Code § 56-603 *et seq.*

<sup>3</sup> Application at 1.

<sup>4</sup> *Id.* at 2-3.

<sup>5</sup> *Id.* at 3.

Actual Cost Adjustment ("SACA") and the Annual SAVE Factor ("ASF"), which were approved by the Commission in its 2012 SAVE Order.<sup>6</sup>

According to the Company, the SACA is an adjustment that ensures that the SAVE Rider recovers no more or less than the actual cost of implementing the SAVE Plan projects during the prior calendar year.<sup>7</sup> Based on this calculation, the Company is proposing a SACA adjustment for the upcoming rate period of November 1, 2021, through October 31, 2021, of \$1,363,773.<sup>8</sup>

The Company states that the ASF is the calculation of the revenue requirement related to the cumulative SAVE Plan infrastructure investment through the period for which the currently planned SAVE Rider will be in effect, November 1, 2021, through October 31, 2022.<sup>9</sup> Based on this calculation, the ASF for the upcoming rate period is \$9,702,902.<sup>10</sup>

Combining the ASF of \$9,702,902 and the SACA of \$1,363,773, the Company calculates a SAVE Rider revenue requirement of \$11,066,675 for the rate period of November 1, 2021, through October 31, 2022.

The Company further states that for purposes of the 2021 Annual Update, it is applying the revenue allocation factors proposed with the Stipulation in Case No. PUR-2020-00095, with three exceptions.<sup>11</sup> According to the Company, the monthly SAVE Rider rate for customers

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<sup>6</sup> *Id.* at 4. See also *Application of Virginia Natural Gas, Inc., For approval of a SAVE plan and rider as provided by Virginia Code § 56-604*, Case No. PUE-2012-00012, 2012 S.C.C. Ann. Rept. 393, Order Approving SAVE Plan and Rider (June 25, 2012).

<sup>7</sup> Application at 9.

<sup>8</sup> *Id.*

<sup>9</sup> *Id.* at 10.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.* These exceptions are as follows. First, the Company states that it continues to combine the two residential rate schedules (Rate Schedules 1 and 3) for a single SAVE Plan rate. Second, the Company proposes to cap the SAVE rate for Rate Schedule 15 at the level recalculated for the rates effective November 1, 2020, which will be a rate of approximately \$1,850.39, consistent with the approval received in the Company's SAVE Phase 2 proceeding,

receiving service under Schedule 1 – Residential will be \$2.53 (a \$1.84 increase over the current SAVE Rider rate), while the monthly SAVE Rider rate for customers receiving service under Schedules 6 and 7 – Large Firm C&I will be \$304.95 and \$173.39 (reflecting increases of \$222.78 and \$127.59), respectively.<sup>12</sup>

NOW THE COMMISSION, upon consideration of VNG's Application, is of the opinion and finds that this matter should be docketed; that the Company should provide public notice of its Application; that interested persons should be afforded an opportunity to file comments or request a hearing on the Company's Application; and that the Commission Staff ("Staff") should investigate the Application and file a report containing the Staff's findings and recommendations.

The Commission further takes judicial notice of the ongoing public health issues related to the spread of the coronavirus, or COVID-19. The Commission has taken certain actions, and may take additional actions going forward, that could impact the procedures in this proceeding.<sup>13</sup>

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Case No. PUE-2015-00121. Third, for Rate Schedule 1A, which was approved in Case No. PUE-2016-00143, the Company proposes to use the same SAVE rate as Rate Schedule 1. *Id.* For informational purposes, the Company presents information that ties to the Company's most recently concluded rate case in Case No. PUE-2016-00143. *Id.* at 11. *See also Application of Virginia Natural Gas, Inc., For approval to amend its SAVE Plan and Rider pursuant to Virginia Code § 56-604*, Case No. PUR-2015-00121, 2016 S.C.C. Ann. Rept. 314, Final Order (Mar. 9, 2016); *Application of Virginia Natural Gas, Inc., For authority to increase rates and charges and to revise the terms and conditions applicable to gas service*, Case No. PUE-2016-00143, 2017 S.C.C. Ann. Rept. 423, Final Order (Dec. 21, 2017). The Company's current rate case remains pending. *See Application of Virginia Natural Gas, Inc., For a general rate increase and for authority to revise the terms and conditions applicable to gas service*, Case No. PUR-2020-00095, Doc. Con. Cen. No.200610137, Application (June 1, 2020).

<sup>12</sup> Direct Testimony of Moses Dagadu at 10-11; Application at Schedule 17.

<sup>13</sup> *See, e.g., Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Electronic Service of Commission Orders*, Case No. CLK-2020-00004, Doc. Con. Cen. No. 200330035, Order Concerning Electronic Service of Commission Orders (Mar. 19, 2020), *extended by* Doc. Con. Cen. No. 200520105, Order Regarding the State Corporation Commission's Revised Operating Procedures During COVID-19 Emergency (May 11, 2020); *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: Revised Operating Procedures During COVID-19 Emergency*, Case No. CLK-2020-00005, Doc. Con. Cen. No. 200330042, Order Regarding the State Corporation Commission's Revised Operating Procedures During COVID-19 Emergency (Mar. 19, 2020) ("Revised Operating Procedures Order"), *extended by* Doc. Con. Cen. No. 200520105, Order Regarding the State Corporation Commission's Revised Operating Procedures During COVID-19 Emergency (May 11, 2020); *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Electronic service among parties*

Consistent with these actions, in regard to the terms of the procedural framework established below, the Commission will, among other things, direct the electronic filing of testimony and pleadings unless they contain confidential information, and require electronic service on parties to this proceeding.

Accordingly, IT IS ORDERED THAT:

(1) The matter is docketed as Case No. PUR-2021-00157.

(2) All pleadings, briefs, or other documents required to be served in this matter should be submitted electronically to the extent authorized by Rule 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice. Confidential and Extraordinarily Sensitive information shall not be submitted electronically and should comply with 5 VAC 5-20-170, *Confidential information*, of the Rules of Practice. Any person seeking to hand deliver and physically file or submit any pleading or other document shall contact the Clerk's Office Document Control Center at (804) 371-9838 to arrange the delivery.<sup>14</sup>

(3) Pursuant to 5 VAC 5-20-140, *Filing and service*, of the Commission's Rules of Practice, the Commission directs that service on parties and the Staff in this matter shall be accomplished by electronic means. Concerning Confidential or Extraordinarily Sensitive information, parties and the Staff are instructed to work together to agree upon the manner in which documents containing such information shall be served upon one another, to the extent

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during COVID-19 emergency, Case No. CLK-2020-00007, Doc. Con. Cen. No. 200410009, Order Requiring Electronic Service (Apr. 1, 2020).

<sup>14</sup> As noted in the Commission's Revised Operating Procedures Order, submissions to the Commission's Clerk's Office via U.S. mail or commercial mail equivalents may be subject to delayed processing due to the COVID-19 public health issues.

practicable, in an electronically protected manner, even if such information is unable to be filed in the Office of the Clerk, so that no party or the Staff is impeded from preparing its case.

(4) As provided by § 12.1-31 of the Code and Rule 5 VAC 5-20-120, *Procedure before hearing examiners*, of the Commission's Rules of Practice, a Hearing Examiner is appointed to rule on any discovery matters that arise during the course of this proceeding.

(5) On or before September 3, 2021, the Company shall cause a copy of the following notice to be published as display advertising (not classified) on one (1) occasion in newspapers of general circulation throughout the Company's service territory within the Commonwealth of Virginia:

NOTICE TO THE PUBLIC OF AN APPLICATION BY  
VIRGINIA NATURAL GAS, INC. FOR APPROVAL OF ITS  
2021 ANNUAL SAVE RIDER UPDATE FILING  
CASE NO. PUR-2021-00157

On July 30, 2021, Virginia Natural Gas, Inc. ("VNG" or the "Company") filed an Application pursuant to § 56-604 E of the Code of Virginia ("Code") and in accordance with Rule 80 of the Rules of Practice and Procedure ("Rules of Practice") of the State Corporation Commission ("Commission"). VNG requests approval of its 2021 annual rider update filing for its Steps to Advance Virginia's Energy Plan ("SAVE Plan"), under which VNG's SAVE Rider, designated Rider E, is reconciled and adjusted ("2021 Annual Update").

The Company's SAVE Plan is designed to facilitate the accelerated replacement of SAVE-eligible natural gas infrastructure. Rider E is designed to recover eligible infrastructure replacement costs associated with the SAVE Plan. VNG states that the calculation of the revenue requirement and rates associated with Rider E consist of two components: the SAVE Actual Cost Adjustment ("SACA") and the Annual SAVE Factor ("ASF"), which were approved by the Commission in its 2012 SAVE Order.

According to the Company, the SACA is an adjustment that ensures that the SAVE Rider recovers no more or less than the actual cost of implementing the SAVE Plan projects during the

prior calendar year. Based on this calculation, the Company is proposing a SACA adjustment for the upcoming rate period of November 1, 2021, through October 31, 2021, of \$1,363,773.

The Company states that the ASF is the calculation of the revenue requirement related to the cumulative SAVE Plan infrastructure investment through the period for which the currently planned SAVE Rider will be in effect, November 1, 2021, through October 31, 2022. Based on this calculation, the ASF for the upcoming rate period is \$9,702,902.

Combining the ASF of \$9,702,902 and the SACA of \$1,363,773, the Company calculates a SAVE Rider revenue requirement of \$11,066,675 for the rate period of November 1, 2021, through October 31, 2022.

The Company further states that for purposes of the 2021 Annual Update, it is applying the revenue allocation factors proposed in the Stipulation in its current rate case, Case No. PUR-2020-00095, with three exceptions. According to the Company, the monthly SAVE Rider rate for customers receiving service under Schedule 1 – Residential will be \$2.53 (a \$1.84 increase over the current SAVE Rider rate), while the monthly SAVE Rider rate for customers receiving service under Schedules 6 and 7 – Large Firm C&I will be \$304.95 and \$173.39 (reflecting increases of \$222.78 and \$127.59), respectively.

TAKE NOTICE that the Commission may adopt rates that differ from those appearing in the Company's Application and supporting documents and may apportion revenues among customer classes and/or design rates in a manner differing from that shown in the Application and supporting documents.

The details of these and other proposals are set forth in the Company's Application. Interested persons are encouraged to review the Company's Application and supporting exhibits for the details of these proposals.

The Commission entered an Order for Notice and Comment that, among other things, directed the Company to provide notice to the public and provided interested persons an opportunity to comment or request a hearing on the Company's Application.

The Commission has taken judicial notice of the ongoing public health issues related to the spread of the coronavirus, or

COVID-19. In accordance therewith, all pleadings, briefs, or other documents required to be served in this matter should be submitted electronically to the extent authorized by 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice. Confidential and Extraordinarily Sensitive information shall not be submitted electronically and should comply with 5 VAC 5-20-170, *Confidential information*, of the Rules of Practice. Any person seeking to hand deliver and physically file or submit any pleading or other document shall contact the Clerk's Office Document Control Center at (804) 371-9838 to arrange the delivery.

Pursuant to 5 VAC 5-20-140, *Filing and service*, of the Commission's Rules of Practice, the Commission has directed that service on parties and the Commission's Staff in this matter shall be accomplished by electronic means. Please refer to the Commission's Order for Notice and Comment for further instructions concerning Confidential or Extraordinarily Sensitive Information.

Copies of the Application may be obtained, at no charge, by submitting a written request to counsel for the Company: Elaine S. Ryan, Esquire and Timothy D. Patterson, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219, [eryan@mcguirewoods.com](mailto:eryan@mcguirewoods.com) and [tpatterson@mcguirewoods.com](mailto:tpatterson@mcguirewoods.com).

On or before September 13, 2021, any interested person may file written comments on the Application by following the instructions on the Commission's website: [scc.virginia.gov/casecomments/Submit-Public-Comments](https://scc.virginia.gov/casecomments/Submit-Public-Comments). Those unable, as a practical matter, to submit comments electronically may file such comments by U.S. mail to the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. All such comments shall refer to Case No. PUR-2021-00157.

On or before September 13, 2021, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation at [scc.virginia.gov/clk/efiling](https://scc.virginia.gov/clk/efiling). Those unable, as a practical matter, to submit a notice of participation electronically may submit such notice by U.S. mail to the Clerk of the Commission at the address listed above. Such notice of participation shall include the email addresses of such parties or their counsel, if available. Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the

specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent must be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2021-00157. For additional information about participation as a respondent, any person or entity should obtain a copy of the Commission's Order for Notice and Comment.

On or before September 13, 2021, any interested person or entity may file, with the Clerk of the Commission at the address above or [scc.virginia.gov/clk/efiling/](http://scc.virginia.gov/clk/efiling/), and in accordance with the Rules of Practice, a request for hearing on the Company's Application. Requests for a hearing shall refer to Case No. PUR-2021-00157, shall include the email address of the filer or its counsel, and shall include: (i) a precise statement of the filing party's interest in the proceeding; (ii) a statement of the specific action sought to the extent then known; (iii) a statement of the legal basis for such action; and (iv) a precise statement why a hearing should be conducted in this matter.

A copy of any request for hearing and any notice of participation simultaneously shall be sent to counsel for the Company, electronically if possible, at the address set forth above.

The Company's Application, the Commission's Rules of Practice, and the Commission's Order for Notice and Comment may be viewed at: [scc.virginia.gov/pages/Case-Information](http://scc.virginia.gov/pages/Case-Information).

#### VIRGINIA NATURAL GAS, INC.

(6) On or before September 3, 2021, VNG shall serve a copy of its Application and this Order for Notice and Hearing on the following local officials, to the extent the position exists, in each county, city, and town in which VNG provides service in the Commonwealth of Virginia: the chairman of the board of supervisors of each county; the mayor or manager (or equivalent official) of every city or town; and the county, city, or town attorney. Service shall be made electronically where possible; if electronic service is not possible, service shall be made by either personal delivery or first-class mail to the customary place of business or residence of the person served.



(7) On or before September 10, 2021, VNG shall file proof of the notice and service required by Ordering Paragraphs (5) and (6) above, including the name, title, address, and electronic mail address (if applicable) of each official served, with the Clerk of the Commission at [scc.virginia.gov/clk/efiling/](http://scc.virginia.gov/clk/efiling/).

(8) On or before September 13, 2021, any interested person or entity may file written comments on VNG's Application by following the instructions on the Commission's website: [scc.virginia.gov/casecomments/Submit-Public-Comments](http://scc.virginia.gov/casecomments/Submit-Public-Comments). Those unable, as a practical matter, to submit comments electronically may file such comments by U.S. mail to the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. All comments shall refer to Case No. PUR-2021-00157.

(9) On or before September 13, 2021, any interested person or entity may participate as a respondent in this proceeding by filing a notice of participation at [scc.virginia.gov/clk/efiling](http://scc.virginia.gov/clk/efiling). Those unable, as a practical matter, to submit a notice of participation electronically may submit such notice by U.S. mail to the Clerk of the Commission at the address listed above. Such notice of participation shall include the email addresses of such parties or their counsel, if available. Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent must be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2021-00157.

(10) On or before September 13, 2021, any interested person or entity any person or entity may file at [scc.virginia.gov/clk/efiling](http://scc.virginia.gov/clk/efiling) a request that the Commission convene a hearing on

the Company's Application. Those unable, as a practical matter, to submit a request for hearing electronically may submit such notice by U.S. mail to the Clerk of the Commission at the address listed above. Such request for hearing shall include the email addresses of such parties or their counsel, if available. Any request for hearing shall include: (i) a precise statement of the filing party's interest in the proceeding; (ii) a statement of the specific action sought to the extent then known; (iii) a statement of the legal basis for such action; and (iv) a precise statement why a hearing should be conducted in this matter. All such filings shall refer to Case No.

PUR-2021-00157.

(11) A copy of any request for hearing and any notice of participation simultaneously shall be sent to counsel for the Company, Elaine S. Ryan, Esquire and Timothy D. Patterson, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219, [eryan@mcguirewoods.com](mailto:eryan@mcguirewoods.com) and [tpatterson@mcguirewoods.com](mailto:tpatterson@mcguirewoods.com).

(12) The Staff shall investigate the Application. On or before September 28, 2021, the Staff shall file with the Clerk of the Commission a Staff Report containing its findings and recommendations and promptly shall serve a copy on counsel to the Company and all respondents.

(13) On or before October 8, 2021, VNG may file with the Clerk of the Commission any response in rebuttal to the Staff Report, requests for hearing, and any comments filed by interested persons or entities in this proceeding.

(14) All documents filed with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, except as modified herein, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice.

(15) The Company shall respond to written interrogatories or requests for the production of documents within four (4) calendar days after the receipt of the same. In addition to the service requirements of 5 VAC 5-20-260, *Interrogatories or requests for production of documents and things*, of the Rules of Practice, on the day that copies are filed with the Clerk of the Commission, a copy of the interrogatory or request for production shall be served electronically, or by facsimile, on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney, if the interrogatory or request for production is directed to the Staff.<sup>15</sup> Except as so modified, discovery shall be in accordance with Part IV of the Commission's Rules of Practice.

(16) This matter is continued.

A COPY hereof shall be sent electronically by the Clerk of the Commission to: Elaine S. Ryan, Esquire and Timothy D. Patterson, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219, [eryan@mcguirewoods.com](mailto:eryan@mcguirewoods.com) and [tpatterson@mcguirewoods.com](mailto:tpatterson@mcguirewoods.com); Elizabeth B. Wade, Esquire, Southern Company Gas, 10 Peachtree Place NE, Atlanta, Georgia 30309, [ewade@southernco.com](mailto:ewade@southernco.com); and C. Meade Browder, Jr., Senior Assistant Attorney General, Division of Consumer Counsel, Office of the Attorney General, 202 N. 9th Street, 8th Floor, Richmond, Virginia 23219, [MBrowder@oag.state.va.us](mailto:MBrowder@oag.state.va.us).

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<sup>15</sup> The assigned Staff attorney is identified on the Commission's website: [scc.virginia.gov/Case-Information](http://scc.virginia.gov/Case-Information), by clicking "Docket Search," and clicking "Search by Case Information," and entering the case number, PUR-2021-00157, in the appropriate box.